

Multiple Agency Fiscal Note Summary

Bill Number: 5764 SB	Title: Hospital safety net program
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Insurance Commissioner	54,230,000	54,230,000	54,230,000	74,800,000	74,800,000	74,800,000	74,800,000	74,800,000	74,800,000
Total \$	54,230,000	54,230,000	54,230,000	74,800,000	74,800,000	74,800,000	74,800,000	74,800,000	74,800,000

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Fiscal note not available											
Office of Insurance Commissioner	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	Fiscal note not available								
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

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Individual State Agency Fiscal Note

Bill Number: 5764 SB	Title: Hospital safety net program	Agency: 160-Office of Insurance Commissioner
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1		54,230,000	54,230,000	74,800,000	74,800,000
Total \$		54,230,000	54,230,000	74,800,000	74,800,000

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 03/24/2023
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 03/29/2023
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 03/29/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 03/29/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 12(1)(a), beginning on the later of January 1, 2024, or 30 calendar days after satisfaction of the conditions in RCW 74.60.150(1) and Section 12(3), requires the Health Care Authority (HCA) to make quarterly payments to Medicaid managed care organizations. The HCA must direct payments from managed care organizations to hospitals and the payments must support access to hospitals and quality improvement of hospital services.

Section 12(1)(b), (c), and (d) specify funding to Medicaid managed care organizations for directed inpatient and outpatient payments to Medicaid prospective payment system hospitals and critical access hospitals.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 12(1)(a), beginning on the later of January 1, 2024, or 30 calendar days after satisfaction of the conditions in RCW 74.60.150(1) and Section 12(3), requires the Health Care Authority (HCA) to make quarterly payments to Medicaid managed care organizations. The HCA must direct payments from managed care organizations to hospitals and the payments must support access to hospitals and quality improvement of hospital services.

Section 12(1)(b), (c), and (d) specify funding to Medicaid managed care organizations for directed inpatient and outpatient payments to Medicaid prospective payment system hospitals and critical access hospitals. An increase in payments to managed care organizations results in an increase to the General Fund from additional insurance premium taxes. Each year, beginning in calendar year 2024, the increased payments to managed care organizations are expected to result in an additional \$37.4 million in insurance premium taxes:

\$2,230,000,000	Projected payment from HCA (including federal matching funds)
(\$360,000,000)	Current payments from HCA (including federal matching funds)
\$1,870,000,000	Additional payments from HCA
x 2%	Premium tax rate
\$ 37,400,000	Additional premium tax per calendar year

FY2025:

\$1.8 million	2nd quarter 2024 prepayment due 9/15/24
\$1.8 million	3rd quarter 2024 prepayment due 12/15/24
\$37.76 million	4th quarter 2024 payment due 3/01/25
\$20.07 million	1st quarter 2025 prepayment due 6/15/25
\$61.43 million	Total premium taxes
(\$7.2) million	Less: current premium tax
\$ 54.23 million	ADDITIONAL premium tax

FY2026 and on:

\$11.15 million	2nd quarter 2025 prepayment due 9/15/25
\$11.15 million	3rd quarter 2025 prepayment due 12/15/25
\$2.23 million	4th quarter 2025 payment due 3/01/26
\$20.07 million	1st quarter 2026 prepayment due 6/15/26
\$44.6 million	Total premium taxes
(\$7.2) million	Less: current premium tax
\$ 37.4 million	ADDITIONAL premium tax

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.